

10-35491

16 May 1958

MEMORANDUM FOR:

Mr. [REDACTED]
Assistant to the DCI

STATINTL

SUBJECT:

Eckert Correspondence

1. I have reviewed the attached correspondence from Mr. Eckert. I do not know him personally and can shed no light on his relative importance in Pennsylvania politics.

2. However, it is clear that Mr. Eckert is a follower of Henry George. The basic idea that Henry George had, which he developed during the last century in the United States, was that a tax on land value should be the sole source of public revenue. I take it that since Mr. Eckert speaks in his letter as follows: "the American economy is in need of fundamental reforms in order to fulfill its mission in free society," that what he is saying is that the fundamental reform needed is a single tax based on land.

3. In such circumstances it is fortunate that the Central Intelligence Agency has no responsibility in respect to the economy of the United States. I say this because the "single taxers" are as devoted to their ideas as the Communists to their's and are swayed neither by facts, logic, or perception.

4. I suggest, therefore, that the letter not be shown to the Director and that it be placed in the appropriate pigeon hole.

STATINTL

[REDACTED]
Chief, Economic Research Area
Office of Research and Reports

Enclosure:

Eckert Correspondence

ER file

EXECUTIVE REGISTRY FILE

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ROOSEVELT *Inequalities--* EISENHOWER *Prosperity--*

*A Look at Old Inequalities
and Pseudo-Prosperity*

by

CHARLES R. ECKERT

President Henry George Foundation
of America
417 Grant Street, Pittsburgh 11, Pennsylvania

"America was set up that she might be different from all the nations of the earth in this: that the strong could not prevent the weak from entering the race; that the strong could not put the weak to the wall. America stands for opportunity. America stands for a free field and no favors." — Woodrow Wilson

"The greatest movement in the world today may be characterized as the struggle of the PEOPLE against PRIVILEGE. Just to the extent that the law grants special favors to some, to the exclusion of others, do the people suffer from this evil. And the greatest of all governmental favors, or special privileges is land monopoly, made possible by the exemption from taxation of land values." — Tom L. Johnson

"People do not argue with the teaching of George; they simply do not know it. The teachings of George is irresistibly convincing in its simplicity and clearness. He who becomes acquainted with it cannot but agree." — Leo Tolstoy

"Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form, and fervent love of justice. Every line is written as if for our generation." — Albert Einstein

"The land, the earth God gave to man for his home, sustenance and support, should never be in the possession of any man, corporation, society, or unfriendly government any more than the air or water, — if as much." — Abraham Lincoln

"In a democracy, the qualities of true leadership must comprise not alone loyalty to the popular will but also courage and frankness in aiding the people to an understanding of basic issues and of basic choices in public policy." — Cordell Hull

"Whenever there is in any country uncultivated lands and unemployed poor, it is clear that the laws of property have been so far extended as to violate natural rights. The earth is given as a common stock for man to labor and live on." — Thomas Jefferson

"The root cause of the world's economic distress is surely obvious to every man who has eyes to see and a brain to understand . . . Permanent peace can only be established when men and nations have realized that the natural resources should be a common heritage, and used for the good of all mankind."

— Philip Snowden

"Abolish special privileges and Government interference in industry. Give to all equal natural opportunities — equal rights to the inexhaustible storehouse of Nature — and wealth will distribute itself in exact accordance with justice. This, the ideal of Henry George, is what I would place before our people instead of the will-o-the-wisp of Socialistic despotism." — Max Hirsch

ROOSEVELT INEQUALITIES - EISENHOWER PROSPERITY

A Look at Old Inequalities and Pseudo-Prosperity

PRESIDENT Roosevelt, in his State of the Union Message, in 1935, said, "We find our population, suffering from old inequalities, little changed by past sporadic remedies. In spite of our efforts, and in spite of our talk, we have not weeded out the over-privileged and we have not effectively lifted up the under-privileged."

President Eisenhower, in his State of the Union Message, in 1957, said, "The state of the Union at the opening of the 85th Congress, continues to vindicate the wisdom of the principles upon which this Republic is founded."

The Declaration of Independence declares, "We hold these Truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among these are Life, Liberty and the pursuit of Happiness."

The self-evident truths here enunciated are the embodiment of the wisdom of the principles upon which the American Republic was founded 180 years ago. These truths are the heart

and soul of the Declaration of Independence. They are the essence of the American Dream, the dream of equal rights for all, equal justice for all, equal freedom for all.

Is the American Dream in process of realization? If so, then we have the right to boast about the vindication of the wisdom of the principles upon which the republic is founded. But if not, then in the words of Archibald MacLeish, "It is time, and past time to face the realities of our situation in the Republic. Everything—our determination abroad, our courage and stamina in the face of the terrible trial which lies before us, our eventual victory in that trial—everything depends upon our undertaking again the achievement of the American Dream of a truly free, a truly democratic society, a society in which men shall be equal in opportunity, equal before the law, not in word only, but in fact, a society in which all men may share the security which is now the privilege of some men only. Until we undertake that task we shall not regain the sense of NATIONAL PURPOSE which is our present and fatal lack."

The National Purpose of the founding fathers was to establish a nation wherein economic opportunities would be open to all on equal terms and pave the way for the individual citizen to receive the full share of his contribution to the productive process, thus enabling him to assume the mastery of his economic destiny and take his place in the American Economy as a free, independent and self-reliant citizen. In short, to establish a nation of free men in full enjoyment of the natural rights bestowed upon them by Nature and Nature's God.

Are there any deep-seated inequalities in the American Economy that prevent any inhabitants of the United States from enjoying equally and fully their natural and inalienable rights?

Charles A. Eaton, a Republican Congressman, speaking in the House of Representatives on the 9th day of January, 1935, undertook to answer this provocative inquiry. He said, "The

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President of the United States says, 'We have not weeded out the over-privileged.' This is a fateful statement for the Chief Executive of the Nation to make. Whom does he mean by the over-privileged? How does he propose to weed them out? Is he going to weed them out by confiscation of their property? Is he going to weed them out by taxing them on a different basis than other citizens?

"How is he going to weed them out, and who are the over-privileged? Let us ask a question or two. Supposing a gentleman is fortunate enough to have had intelligent ancestors who invested in real estate, we will say for example, on Manhattan Island, and now without having lifted a finger in productive toil, or produced a dollar, he is able to enjoy the privilege of a million dollar yacht, a city mansion, and a country estate. Does the President hold this gentleman to be over-privileged? *I think, myself, he is.* But how, by fair and constitutional methods, are you going to get rid of him?"

The New Jersey Congressman in plain words and simple logic, pointed out an over-privileged type that is a menace to the well being of the American Republic. Much of ours, and the world's woes and sorrows, is traceable to this type of privilege.

The great task confronting the American People is to arrest and abolish its power of exploitation, to weed it out.

At the present time our population is suffering from the inequalities noted in the State of the Union Message of 1935. But at the opening of the 85th Congress, instead of a clarion call for the American people to enlist in the battle to weed out the over-privileged, they were regaled by the present Chief Executive of the United States with a crooned lullaby that all will be well and that America is on the highway of enduring peace and permanent prosperity. But all is not well. There is no assurance of either permanent prosperity or enduring peace.

The present high activity in the field of production had its

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origin in the rumblings of World War II, back in 1939, and since, during the years has been kept active in various degrees of intensity by artificial means, and that is the situation today. Prosperity brought into being by horrible catastrophes such as war, and stimulated and maintained by artificial means, is not self-contained, and in the nature of things is doomed to failure. The present economic prosperity is war prosperity. It is distinctly the result of the government's spending huge sums of the taxpayers money for National defense, superinduced by the free and reckless use of consumer's credit. The claim that the unprecedented peak in our economic prosperity is due to the loyal observance of the self-evident truths enunciated in the Declaration of Independence, has all the earmarks of economic ignorance or political sophistry.

An economic system, if it is to be healthy, natural and enduring must function within the framework of the natural laws of economics. It must be built on the firm foundation of Justice—the justice founded on the rights bestowed by nature upon man. In short in the full recognition and acceptance of the self-evident truths enunciated in the Declaration of Independence.

No, the prosperity of the war years, of the years in between and the present prosperity is not founded on Natural Justice. It is neither healthy nor natural, and the peace is a fickle and precarious truce, vibrating with world wide tension and uneasiness.

The inequalities of 1935 have not been weeded out. Then as now, the American economy has been and is saturated and honeycombed with privilege—privilege in the sense of an immunity, or an exemption conferred by special grant in derogation of human rights, as a land title, a franchise, a tariff, a patent, and other governmental concessions, and consequently

the American Economy, or social order, is monopolized and subsidized, tax-ridden and debt burdened, refereed, and corruption breeding.

Is this the type of nation or social order for which the founding fathers pledged their lives, their fortunes, and their sacred honor?

It is time, and past time, for the American People to take a long hard deep look at the facts of the American Economy so as to get a clear, full and comprehensive picture of its operation in the field of production and distribution, to the end that its inequalities and basic wrongs may be exposed and weeded out.

As noted, all is not well in the American Republic. Its economy is not healthy or natural. It is cursed with privilege and monopoly. The distribution of the National income is a monstrosity and its fruits a monstrous injustice. This fact is due mainly to the monopoly of land and its attributes such as water, air, oil, mineral and all creative forces and processes in the material universe.

Land monopoly is the basic and primary cause of America's unstable and precarious economy, hence its (land monopoly) powers of evil must be destroyed and weeded out, and this end can be achieved by the simple process of shifting the base of taxation from wages and income to the taxation of land values, or in terms of political economy, to collect for public use the rent of land. Here is the answer to the question of the New Jersey Congressman, "How are you going to get rid of the over-privileged who enjoy the privilege of sporting a million dollar yacht, a city mansion, and a country estate without lifting a finger in productive toil?"

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Liberty is maintained in security of Justice."

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10-3549

CHARLES R. ECKERT
ATTORNEY AT LAW


STATOTHR

May 5, 1958

Mr. Allen W. Dulles
Director of Central Intelligence Agency
Washington, D. C.

Dear Mr. Dulles:

The San Diego Union of April 29, 1958, under a Washington dateline quotes you as having said, in a speech before the U. S. Chamber of Commerce, as follows:

"The CIA Chief predicted Russia will avoid war in the foreseeable future and will wage the decisive cold war battles in the economic and subversive arena."

This sounds like a reasonable prophecy and one that ought to alert the leaders of the U.S. to the danger of the Russian economy surpassing the American economy in the production of the essentials of a decent standard of living. But be that as it may, the American economy is in need of fundamental reforms in order to fulfill its mission in free society.

Enclosed is a copy of a pamphlet "Roosevelt Inequalities--Eisenhower Prosperity" and copy of the Bigelow letter to me in 1931, reporting a survey of conditions and activities in Russia.

Yours sincerely,


CHARLES R. ECKERT

CRE:ec
Enc.

On the Volga, Russia
Aug. 11, 1931

My dear Eckert:-

Here I am 1500 miles down the Volga from Moscow. Am leaving Russia in about 10 days. Will have had a month's trip here, with stays in Leningrad, Moscow and other industrial centers and agricultural experiment stations.

I get a different opinion about it every day. It is certainly the most audacious undertaking in history. For millions of peasants such as I have seen, Communism can be only another Tzar. More than one generation will have to die before they are reconstructed. But in spite of that, one is amazed at the thoroughness of the revolution. Not a millionaire is left. Not even a moderately well-to-do class. There is no income except wages for work done. The lowest rate of pay is 69 rubles a month, or $34\frac{1}{2}$ dollars. The highest rate is 400 rubles or 200 dollars a month. The wage differential may be as high as 1 to 6. We have about the same variation between skilled and common labor. But here there are no high salaried men, except the foreign engineers, who, of course, have attractive terms offered them. There are no landlords to draw rent. There are no capitalists to draw interest. There is no stock exchange. There are no profiteers. The Government monopolizes all trade and banking and industrial processes. Everyone works for the Government. The Government fixes wages and prices. It determines how much shall be left to the people in wages, how much shall be withheld for capital funds, and in what industries their funds shall be invested. If there is a scarcity of anything it is rationed. With us the price goes up. Those who have money buy, and those who cannot afford the price go without. In Russia it is doled out in sparing amounts. The theory is that all work, and all get their share, and that as the nation increases its production the share will increase for all. Hence there is no foolish talk, as with us about the machine displacing men. They are crying for machines. Since each man's income depends on the total product, they cannot conceive of over production. Neither is there any rivalry here for precious jobs. It is not jobs they are crying for but men for the jobs. Many factories are working in 3 shifts, 24 hrs. a day. They could use millions of American workmen. Their handicap is that they have to draw their labor supply from the raw peasantry. Factories have as high as 70% of peasants.

It bowls one over. It knocks much of our political economy into a cocked hat. Given 25 or 50 years of this, I cannot see why Russia should not be one of the richest and most powerful nations on earth. Indeed if their experiment succeeds, a similar policy will be necessary for survival in all the nations.

There are, of course, weak points in the policy - and it would be rash to predict its success. They are trying hard to introduce methods of management to take the place of the check up that the interest of investors holds under private capitalism. They claim to be succeeding. But they may never hope to equal an American factory in efficiency. While we are efficient in the individual factory, we are chaotic and wasteful in the extreme in our lack of social management. They think the advantages bulk large in their favor.

There is much "boot-leg" trade. While this is frowned on, it perhaps is tolerated because it may relieve to some extent the tension. For the Government policy is to stint the Russian people to the point of endurance, so that it may have the means to pay for factory equipment. They are appealing to the public to stand it, just as we sold liberty bonds. They say that the success of their experiment will be too dangerous a thrust at the capitalist powers to be

tolerated. They expect attack. They say that a primitive agricultural country cannot hope to meet a highly industrialized country in modern war. The 5 Year Plan is in part at least military preparedness. The red army is the darling of their hearts. If it does not carry an Evangel's sword through Europe as Napoleon's army did, they at least expect it to meet the armies of a "decadent capitalism" as they say.

You sense this, that hard as Russian life is at present, the people have hope. They expect steady improvement from now on. They feel that the country is theirs. That they are masters of their own destiny. This will make their red army a hard nut to crack, if Europe or America does try its teeth on it.

But there is no hope in our life-time for any such drastic revolution in America. We must take the route of Economic Evolution through education and the development of social mindedness. But we shall feel the Russian pressure. We shall have to set our house in order. Our present barbarism cannot go on. You and I still have a great work to do. It seems to me that the time is fast ripening for a new blossoming of democracy and attacks on the monopolistic elements which make capitalism master instead of servant.

* * * * *

Remember me to Mrs. Eckert, and accept my best wishes for your health and happiness.

Cordially,

H. S. B.

STATINTL

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